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Richmond, Virginia

To: Dr. A. C. Lilly

Date: 1989 October 23

From: M. Z. DeBardeleben

Subject: The Mitsubishi Corporation

Summary

The Mitsubishi Corporation began over one hundred years ago. However, because of World War II, it has in actuality existed in its present form only since 1954. During the past 30 years, it has become the largest trading company in Japan, based on both pre-tax and net profit. Midterm sales for 1988 reached 6,274.2 billion yen (approximately $44 billion), with a pre-tax profit of 36.5 billion yen. It operates on a fiscal year ending March 31.

The company is diversely engaged in operations in six general areas: fuels, metals, machinery, foods, chemicals, and textiles. It has a broad worldwide information network, with offices or subsidiaries in over 80 countries. The various corporations that bear the Mitsubishi name, e.g., Mitsubishi Petrochemicals, Mitsubishi Motors, etc., are not part of The Mitsubishi Corporation. They are rather part of the pre-war corporation that today are known as The Mitsubishi Enterprises, companies that both do business with as well as compete with each other.

The Mitsubishi Corporation has embarked on a wide variety of joint ventures throughout the world. Of special interest is its agreement with R. J. Reynolds for the sales and promotion of Reynolds tobacco products in Japan. It also has recently teamed up with Combustion Engineering to set up petrochemicals plants in the Soviet Union. Other joint ventures range from the cross-breeding of rice with millet to the development of revolutionary optical fibers to the exploration for oil off the coast of Australia.

It appears that the corporation does business outside of Japan through a series of corporations named "Mitsubishi International." There is such an organization in the United States, another in England, another in West Germany, etc. It is these companies that acquire and track subsidiary companies. Some of these are highlighted below.

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Background

The Mitsubishi Corporation [Mitsubishi Shoji Kabushiki Kaisha] was founded in Japan in 1871 as a shipping concern. In 1893 it became the Mitsubishi Limited Partnership and in 1918 Mitsubishi Shoji, a trading company.

Under orders of the Allied Occupation forces, Mitsubishi was dissolved in 1947 and became 160 smaller companies. These restrictions on major trading companies were lifted in 1952, and by 1954 The Mitsubishi Corporation had reappeared on the business scene.

The 160 smaller companies formed in 1947, however, did not band back together to form the same pre-war conglomerate. Many of these companies had not survived. The 40 that did are known as "The Mitsubishi Enterprises." They are independent organizations, each with separate management, not only doing business with each other but more especially competing for the same business with outside companies. These 40 companies are involved in insurance (life, fire, marine), banking (commercial), heavy equipment manufacturing, real estate, and warehousing. Their one common goal is to safeguard the Mitsubishi three-diamond trademark, used since 1890, that is "a symbol of first-class quality merchandise and service."

The Mitsubishi Corporation is a general trading company -- a "sogo shosha." In terms of profit (both pre-tax and net), it is the largest trading firm in Japan.

	Sales	Pretax Profit	Net Profit
C. Itoh & Co.	7,731.9	23.6	6.4
Sumitomo Corp.	7,086.0	25.0	13.5
Mitsui & Co.	7,072.8	23.3	7.5
Marubeni Corp.	6,658.8	22.7	7.7
Mitsubishi Corp.	**6,274.2**	**36.5**	**16.6**
Nissho Iwai Corp.	5,307.3	8.8	4.0
Toyo Menka Kaisha	2,533.2	7.5	2.3
Nichimen Corp.	2,260.1	7.0	1.6
Kanematsu-Gosho	2,144.0	5.7	0.5

[Midterm sales (November 1988) in billions of yen]

It carries on purchasing and marketing functions in both domestic and overseas markets, has worldwide operational facilities along with an extensive information network, and acts directly or indirectly as financiers for its customers and suppliers in relation to its trading activities. It is responsible for approximately 17% of Japan's total imports and 8% of Japan's total exports [1984 figures]. Mitsubishi has 96 offices throughout the world and 30 subsidiaries. It is involved in over 60 overseas natural resources development projects and over 140 overseas projects involving

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agriculture, fisheries, iron and steel, shipbuilding, automobiles, machinery, chemicals, edible oils, textiles, warehousing, land development, and hotels. The corporation is spread through 130 cities in 80 countries.

Structure

The Mitsubishi Corporation is comprised of a general administrative division and 25 trading divisions:

Basic Chemical Plant Division
Basic Chemicals Division
Ferrous Raw Materials Division
Fine & Inorganic Chemicals Division
Foods (Commodity) Division
Foods (Products) Division
Fuels Division
General Machinery Division
General Merchandise Division
Heavy Machinery Division
Information & Aerospace Division
Lumber & Paper Division
Motor Vehicle Division
Nickel & Ferro-Alloy Division
Non-Ferrous Metals Division
Plastics & High Performance Chemicals Division
Power & Electrical Systems Division
Project Development & Construction Division
Ship & Rolling Stock Division
Steel Domestic Sales Division
Steel Export Division
Textiles Division

These divisions are grouped into six basic product areas. In order of overall contribution to the company's business they are:

Fuels Group. These divisions deal in crude oil, LNG, LPG, petroleum products, petroleum coke and carbon products, and oil exploration. Through this group, Mitsubishi imports approximately nine million tons of LNG from Brunei, Alaska, Malaysia, and Indonesia. They have discovered oil in Indonesia, Gabon, and the United States.

Metals Group. These divisions handle ores, metals, scraps, semis, and products such as copper, tin, zinc, lead, and aluminum. They are involved in coking coal development projects and iron ore development projects in Australia and Canada, import uranium concentrate, are especially active in the areas of new metals and electronic materials, and are

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responsible for 14% of Japan's steel exports. In late 1983 the metals group formed the Saijo Materials Center to supply Mitsubishi Electric with silicon wafers and other essential materials. This center developed a revolutionary unmanned transport system using computers and robots that has enjoyed the attention of much of the world.

Machinery Group. These divisions manufacture a wide variety of machinery and equipment for the chemical, petroleum, steel mill, construction, and electronics industries, as well as for ships, aircraft, automobiles, and consumer goods. The group is especially noted for its emphasis on advanced technology integrating computers and information network systems. It is involved in development and construction projects around the world, e.g., the Mombasa International Airport in Kenya, which accommodates widebodied jumbo jets.

Foods Group. These divisions deal in commodities and products: grain, feedstuff, fats and oil, livestock, sugar, marine products, canned goods, coffee, cocoa, dairy products, and general consumer products. They are involved in over 60 joint ventures around the world.

Chemicals Group. These divisions specialize in petrochemical materials, fine chemicals, inorganics, plastics, fertilizers, and agricultural chemicals. They are involved in over 30 joint ventures, including the world's largest salt operation in Mexico, which exports to Japan, the United States, Canada, and Southeast Asia.

Textiles and General Merchandise Group. These divisions import raw materials (cotton and wool) and garments, as well as lumber, paper, packaging products, ceramics, construction materials, tobacco, and beer. They export synthetic fibers, yarn, and fabrics, along with paper, tire tubes, cement, copy machines, televisions, receivers, and photosensitized materials. Through 20 overseas projects they perform technology transfer involving the production of man-made fiber, spinning, weaving, printing, and dyeing. Some of its joint ventures involve pulp products in Canada, wood products in Brazil, silica mines in Australia, tire sales in Australia, and office automation equipment in Canada. The group's future thrust involves office automation and new ceramics products.

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Business

The U.S. subsidiary mainly responsible for Mitsubishi's operations in this country is Mitsubishi International Corporation, headquartered at 520 Madison Avenue in New York, but with branch offices in:

California (San Francisco, Los Angeles, Palo Alto)
Colorado (Denver)
Georgia (Atlanta)
Illinois (Chicago)
Michigan (Detroit)
Missouri (St. Louis)
Oregon (Portland)
Pennsylvania (Pittsburgh, Philadelphia)
Texas (Houston)
Washington (Seattle)
Washington, D.C.

Of the major industrial/trading centers in this country, Boston and Miami are notably missing.

We have been able to identify the following subsidiaries of Mitsubishi International:

Agrex Inc. [Shawnee Mission, Kansas]
Coilplus Inc. [Athens, Alabama]
Kux Manufacturing Co. [Detroit]
Machinery Distribution Inc. [Houston]
Memory-Tech Inc. [Plano, Texas]
Mitsubishi Foods (MC) Inc. [San Diego]
Non-Ferrous International Corp. [New York]
Palmco Inc. [Portland, Oregon]
Petro-Diamond Inc. [Irvine, California]

Mitsubishi International has been granted a "brokerage license limited to business related to mergers and acquisitions."

Recent Joint Ventures

Prior to 1984, R. J. Reynolds tobacco products were sold in Japan by MC Tobacco, a wholly-owned subsidiary of Mitsubishi Corporation. In November 1984, Reynolds and Mitsubishi embarked on a joint venture for cigarette sales promotion and merchandising in Japan. The new company, R. J. Reynolds/M. C. Tobacco Company Ltd., was capitalized at 175 million yen, with 70% of this coming from Reynolds along with the president. In 1987

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this joint venture launched Winston Lights at 220 yen, the same price charged for most Japanese cigarettes.

In June 1989 it was announced that a promising **oilfield** had been discovered in the northwestern Australian continental shelf by **Japan-Australia L.N.G. Proprietary Ltd. (MIMI)**. The company is a joint venture between Mitsubishi Corporation and Mitsui & Co.

In July 1989 Mitsubishi Corporation entered into a joint venture with Inacomp Computer Centers Inc. (Troy, Michigan). The new company, **Computer Supercenters International**, will offer **computers, peripherals, software, facsimile and copier equipment**, as well as desktop publishing services. Inacomp is the fourth largest microcomputer dealer in the United States and has joint development and marketing agreements with **Sun Microsystems Inc.**

Also this summer it was announced that **Helios Inc.**, a joint venture between NKK Corporation and Mitsubishi Corporation, will act as sole sales agent for PCO in Japan. PCO, a subsidiary of **Corning Glassworks**, and with an investment by IBM, is the **largest optical fiber manufacturer** in the United States. The contract with PCO followed Helios' announcement that it had developed a **super-strong optical fiber covered by stainless steel (FIMT, or optical Fiber-in-a-Metallic-Tube)**.

In August 1989, Mitsubishi Corporation, along with Mitsubishi Petrochemical Co. and JGC Corporation, embarked on another joint venture in Brazil. **Oxiquimica S.A.** will be the recipient of **technical expertise on the production of acrylic acid and ester**, with plans to manufacture 40,000 tons of such products per year by 1992.

Mitsubishi Corporation has also planned **a petrochemical plant for producing polyethylene and engineering plastics** in West Siberia in the Soviet Union. For this project, Mitsubishi and its partners, Mitsui and Chiyoda Corporation, have teamed up with **Combustion Engineering, Inc.**, "because of a sense that deals with the communist nation will go faster with U.S. participation." They have additionally employed the same team on a project elsewhere in Siberia to produce **ethylene**.

In another venture, Mitubishi has joined Mitsubishi Motors Corporation and Heavy Industries Corporation of Malaysia (HICOM) to manufacture the **Proton Saga passenger car**.

With Mitsubishi Chemical Industries Ltd., Mitsubishi Coporation has invested in **Plantech Research Institute** for the purpose of **cross-breeding rice with millet**. The long-term goal is to produce a strain of rice that will have greater resistance to disease and pests, more strength to withstand cold and high winds, and a higher photosynthetic capacity.

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Most recently Mitsubishi is one of the investors in **Nihon Leisure Card System Co.** The company produces a new kind of **plastic money**, "pay now, buy later," offering the consumer a convenient alternative to carrying a pocketful of change.

Personnel

The Mitsubishi Corporation employs approximately 14,195 people worldwide. Key personnel* are:

Chairman of the Board	Yohei Mimura
President	Shinroku Morohashi
Executive V-P, Chemicals	Shigeru Iogi
Executive V-P, Domestic Operations	Toru Aizawa
Executive V-P, Info Systems & Services	Yoshio Taniguchi
Executive V-P, Metals	Masato Tagai
Managing Director, Administration	Hiroshi Kohiyama
Managing Director, Administration	Shinichiro Ohta
Managing Director, Foods	Enshiro Matsuyama
Managing Director, Fuels	Katsumi Sakamoto
Managing Director, Fuels	Yutaka Yamamoto
Managing Director, Internal Audit, Info & Communication Systems	Juko Okada
Managing Director, Machinery	Takeshi Eguchi
Managing Director, Machinery	Keishi Nakamura
Managing Director, Machinery	Yoshiaki Shibata
Managing Director, Metals	Nobuo Kobayashi
Managing Director, Personnel	Nobukazu Tawara
Managing Director, Planning	Susumu Nishimura
Managing Director, Technical Affairs	Kiyoshi Takahara
Managing Director, Textiles	Michiji Okuzumi

Mitsubishi International Corp. employs approximately 1,000. Some of its key personnel* are:

President/CEO	Minoru Makihara
Executive Vice-President/COO	Yasushi Hotta
Executive Vice-President/COO	Susumu Eto
Executive Vice-President/COO	Kazuyoshi Yanamoto
Vice-President/Secretary	Gordon C. MacDonald
Manager, Public Affairs	Martha Gellens

* Duplicate positions were reported in the same document, indicating that the companies in fact have more than one post of the same title.

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Vital Statistics

The companies can be reached at:

The Mitsubishi Corporation 6-3 Marunouchi 2-chome Chiyoda ku P.O. Box 22 C.P.O. Tokyo, Japan 100	Mitsubishi International Corp. 520 Madison Avenue New York, New York 10022

The telephone numbers are:

03 210-2121	212-605-2000

The Duns numbers are:

69-054-6460	00-698-7770

The Mitsubishi Corporation is privately held. The latest full financials which we have been able to gather are for the year ended March 31, 1984. The data from this annual report follow.

cc: M. D. Rosenberg
Central File

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MITSUBISHI CORP.
Country: JAPAN
November 12, 1984

Annual Report:
Consolidated Income Account, yrs. ended Mar. 31 (in millions of yen):

	1984	1983
(1)Total revenue.....	15,815,345	15,682,967
Gross trading prof.....	299,696	288,290
Other income, net.....	17,630	4,478
Interest & divs.....	112,176	118,677
Lease revu.....	4,136	5,249
Total.....	433,638	416,694
Sell., gen. adm. exp.....	241,972	236,256
Provisions.....	12,461	3,616
Interest.....	154,472	171,296
Curr. income tax.....	9,236	6,891
Def. income tax.....	11,070	cr2,874
Equity earn.....	22,334	23,901
Net income.....	26,761	25,410
(2)Earn., per sh.....	Y20.99	Y19.98

(1)From trading transactions. (2)As reported by Co. on average shs.; appropriately adjusted for free share distribution.

Consolidated Balance Sheet, as of Mar. 31 (in millions of yen):

Assets:	1984	1983
Cash.....	124,785	136,734
Time deposits.....	270,379	316,727
Securities.....	79,662	46,425
Receivables, net.....	2,774,717	2,652,942
Inventories.....	332,945	352,098
Advances.....	372,760	366,203
Prepayments, etc.....	46,761	47,887
Total current.....	4,002,009	3,903,254
Investm. & advances.....	448,885	422,847
Receivables.....	970,715	890,661
(1)Net property.....	233,032	207,881
Other assets.....	78,614	88,966
Total.....	5,656,509	5,513,609

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Liabilities:

Loans.....	1,218,841	1,177,548
Debt due.....	173,690	176,465
Notes, acceptances.....	971,893	931,680
Payables.....	1,146,081	1,013,154
Accruals.....	45,396	38,039
Advances.....	338,161	348,324
Deposits, etc.....	57,397	74,758
Total current.....	3,951,459	3,759,968
Staff benefits.....	43,366	40,305
Long-term debt.....	1,229,322	1,292,507
Minority interest.....	6,418	5,031
Comm. stk. (Y50).....	63,760	63,707
Capital surplus.....	83,658	78,198
Legal reserve.....	12,085	11,149
Retained earnings.....	307,815	290,910
Foreign curr. trans. adj.	dr41,374	dr27,993
(2)Treasury stock.....	.....	dr173
Stkhldrs. equity.....	425,944	415,798
Total.....	5,656,509	5,513,609
Net current assets.....	50,550	143,286
(1)Depreciation.....	105,485	99,645

(2)Representing 1,547,868 shs. at cost (1983: 1,547,868 shs.).

Note: Following are income account and balance sheet as converted to U.S. dollars at rate of 224 yen=$1 and 240 yen=$1 as of Mar. 31, 1984 and 1983.

Consolidated Income Account, yrs. ended Mar. 31 (in thousands of U.S. $):

	1984	1983
Total revenue.....	70,604,219	65,345,696
Gross trading prof.....	1,337,729	1,201,209
Other income, net.....	78,705	18,658
Interest & divs.....	500,786	494,487
Lease revu.....	18,464	21,871
Total.....	1,935,884	1,736,225
Sell., gen. adm. exp.....	1,080,232	984,400
Provisions.....	55,630	15,067
Interest.....	689,607	713,733
Curr. income tax.....	41,232	28,712
Def. income tax.....	49,420	cr11,975
Equity earn.....	99,706	99,587
Net income.....	119,469	105,875
Earn., per sh.....	$0.0937	$0.0833

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Consolidated Balance Sheet, as of Mar. 31 (in thousands of U.S. $):

Assets:	1984	1983
Cash.....	557,076	569,725
Time deposits.....	1,207,049	1,319,696
Securities.....	355,634	193,437
Receivables, net.....	12,387,129	9,301,513
Inventories.....	1,486,362	1,467,075
Advances.....	1,664,107	1,525,846
Prepayments, etc.....	208,755	199,529
Total current.....	17,866,112	14,576,821
Investm. & advances.....	2,003,951	1,761,863
Receivables.....	3,990,933	3,711,087
(1)Net property.....	1,040,321	866,171
Other assets.....	350,955	370,691
Total.....	25,252,272	21,286,633
Liabilities:		
Loans.....	5,441,254	3,219,712
Debt due.....	775,402	735,271
Notes, acceptances.....	4,338,808	3,882,000
Payables.....	5,116,433	4,221,475
Accruals.....	202,661	158,496
Advances.....	1,509,647	1,451,350
Deposits, etc.....	256,236	311,492
Total current.....	17,640,441	13,979,796
Staff benefits.....	193,598	167,937
Long term debt.....	5,488,045	5,385,446
Minority interest.....	28,652	20,962
Comm. stk. (Y50).....	284,643	265,446
Capital surplus.....	373,473	325,825
Legal reserve.....	53,951	46,454
Retained earnings.....	1,374,174	1,212,125
Foreign curr. tran. adj..	dr184,705	dr116,637
Treasury stock.....	.....	dr721
Stkhldrs. equity.....	1,901,536	1,732,492
Total.....	25,252,272	21,286,633
Net current assets.....	225,671	597,025
(1)Depreciation.....	470,915	415,187

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